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## Japan

## Strawberries

## Annual

## 2005

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**Report Highlights:**

Fresh strawberries, with a market value of approximately \$2 billion, have the highest valued sales of all fresh fruit in Japan, according to Tokyo traders. However, Japan's strawberry production volume has been on a declining trend due largely to labor shortages in some regions. The United States is the leader in Japan's imported fresh strawberry market, supplying approximately 4,000 metric tons annually. This accounts for approximately 96 percent of Japan's imports. China supplies a large volume of frozen strawberries to Japan, accounting for 64 percent of the nation's frozen strawberry sales. U.S. frozen strawberries have a good reputation for their high quality in Japan's food processing and food service sectors.

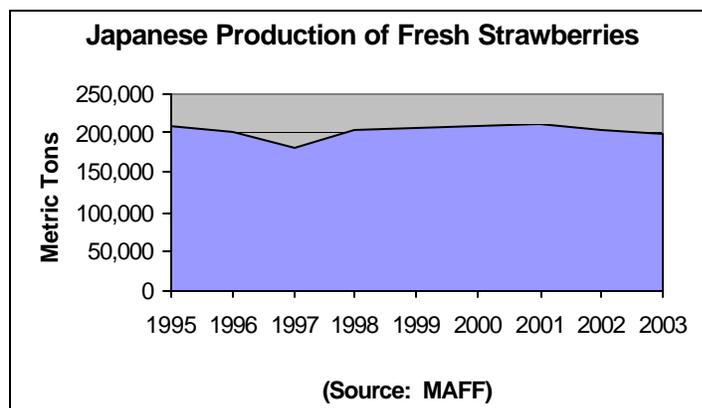
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### Japanese Strawberry Production Declined Marginally



Although fresh strawberries are an important product in Japan's fresh produce market, domestic production of fresh strawberries declined marginally since 2001 due largely to labor shortages in some regions. In the 2003 season (from October 2003 to September 2004,) Japan produced 198,200 metric tons nationwide, according to the Ministry of Agriculture, Forestry and Fisheries (MAFF). Tochigi prefecture, approximately 100 miles north of Tokyo, and the Kyushu region

encompassing the southern island of Japan are the two major production regions, supplying over 50 percent of the nation's strawberries. Over 99 percent of Japanese strawberries are harvested in green houses from December through May, with peak sales occurring during the January New Year's holiday season and during the early March holiday called "girl's day". A great deal of Japanese strawberries are the table consumption-type berries with relatively high Brix levels. The Japanese harvest area of strawberries is approximately 7,000 hectares, declining at an annual rate of about 2 percent.

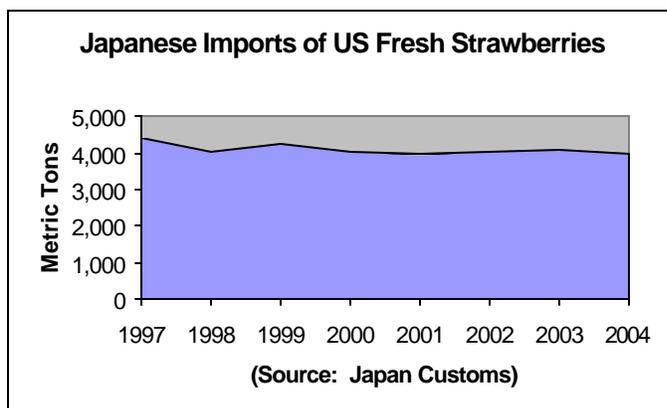
According to a MAFF survey in 2003, the great majority (approximately 96.4 percent) of Japan's fresh strawberries were distributed through wholesale markets, approximately 2.1 percent were sold directly to retail stores and approximately 0.5 percent went to the food processing sector. Post estimates that approximately 1,000 metric tons go to the food-processing sector annually, of which roughly 700 - 800 metric tons go to freezing for further processing.

### Summer Crop Strawberries Used for Confectionary

Japanese production of fresh strawberries is approximately 200,000 metric tons annually with an estimated market size of approximately \$2 billion, of which approximately 20,000 metric tons goes to the confectionery sector, according to industry sources. Traditionally domestic strawberries are available nationwide in the winter and spring, and in limited volumes in the summer and fall. A firm in Hokkaido, the north-most island of Japan, developed a new summer-crop variety specifically for confectionery use. In 2005, the firm expects to produce over 400 metric tons of summer-crop strawberries from over 300 locally contracted farms, and plans to expand its annual production to over 1,000 metric tons in the near future.

California strawberries play a major role in the Japanese summer strawberry market, supplying a great deal of berries to the confectionery sector during the summer and fall. Currently, since Japanese summer-crop strawberry production capacity is limited and their prices are twice as much as California berries, there is no immediate threat to California strawberry supplies. However, this may cause concern in the future, say Tokyo traders.

## U.S. Fresh Strawberry Imports Are Fairly Stable

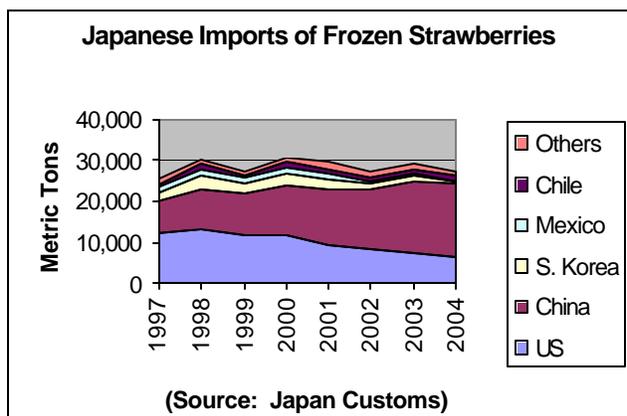


In the 2004 marketing season (October 2004 – September 2005,) Japan imported approximately 4,000 metric tons of fresh strawberries from the United States. This accounted for approximately 96 percent of Japan's total fresh strawberry imports. The total value of imports were approximately \$32 million on a CIF basis. South Korea supplied approximately 170 metric tons in the same period, valued at approximately \$2.5 million (CIF.) South Korean berries cost twice as much as U.S.

berries. In the 2004 season, the average import price of U.S. strawberries was \$8.12 (CIF) per kilogram, while South Korean berries were \$15.07 per kilogram.

U.S. fresh strawberry sales take place from May to December in Japan during the period of short supply of domestic berries. According to Japanese traders, approximately 80 – 90 percent of U.S. fresh strawberries go to the confectionery sector, mainly for use as cake decorations, and the rest go to retail sales. When new crop berries arrive from California in early May, U.S. fresh strawberry marketing start. Extra large sized berries called "California Long Stems" are often sold in retail stores. Japanese retailers sell California strawberries for \$4.20 - \$5.08 (480 – 580 yen) per 10-ounce pack (284 grams). A 10-ounce pack contains 12 – 14 regular sized berries.

## China Maintains Leadership in Japan's Frozen Strawberry Market



Only a few years ago Chinese shipments of frozen strawberries to Japan surpassed U.S. shipments, and since then China has continuously expanded its market share. In the 2004 season (October 2004 – September 2005) China supplied approximately 17,700 metric tons of frozen strawberries to Japan, which accounted for approximately 64.5 percent (in terms of volume) of Japan's frozen strawberry market, valued at approximately \$18.4 million on a CIF basis. The United States supplied approximately 6,240 metric tons in the

same period, with a market share of approximately 22.7 percent (in terms of volume). The total volume of U.S. frozen strawberry exports to Japan were approximately \$13.1 million CIF. Due to China's strong sales in Japan, Mexico and South Korea have significantly lost market share in Japan's frozen strawberry market. Chile maintained its position, sharing approximately 4.7 percent of the market.

According to Japanese traders, frozen strawberries are mostly processed into jam and yogurt products in Japan and it is common for food processors to use cheaper ingredients in order to stay competitive. The price of Chinese frozen strawberries is less than a half of the price of U.S. berries. In the 2004 marketing season, the average import price of Chinese frozen

strawberries was \$1.04 per kilogram on a CIF basis, while the price of U.S berries was \$2.10 per kilogram.

### **“California Strawberry Fair” a Big Success**

High quality U.S. frozen strawberries are targeting customers that sell high-valued products. The California Strawberry Commission, along with Japanese traders, launched various promotional activities in the food service sector including hotels, restaurants, cafes and convenience stores. The “Summer Strawberry Fair” was conducted at many of Tokyo’s five-star hotels this summer, featuring California strawberries in desserts and cocktails.

Strawberry frappe mixed with tropical fruits, mousse-type drink made from frozen strawberries and strawberry frozen yogurt are a few examples of dessert menus. Tokyo’s fast-food restaurant chains also conducted “Summer Dessert Fairs” throughout a total of 520 outlets, featuring ice cream mixed with frozen California strawberries. “Summer Strawberry Milk,” a strawberry drink mixed with milk, was also a popular menu item among restaurant visitors. A soup menu based on frozen California strawberries and Mascarpone cheese was a big hit at a specialized soup restaurant in Tokyo. The name “California” carries a good image to many Japanese people and so traders are promoting California frozen strawberries and focusing specifically on their high quality.

### **High Import Duties Are Applied to Fresh and Frozen Strawberries**

These duties are not subject to further reductions outside of the next round of WTO negotiations. The applicable import duties are as follows:

TARIFF CODE (HS)	DESCRIPTION	DUTY RATE
0810.10-000	Fresh Strawberry	6.0 %
0811.10-100	Frozen Strawberry Added Sugar	9.6 %
0811.10-200	Frozen Strawberry No Added Sugar	12.0 %

All duties are charged on a CIF basis.

## PS&amp;D Tables and Trade Matrices

## Fresh Strawberry PS&amp;D Table

PSD TABLE						
Country	Japan					
Commodity	Strawberries, Fresh					
					(HA)(MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
Market Year Begin		10/2003		10/2004		10/2005
Area Planted	7100	7000	7000	6900	0	6800
Area Harvested	7100	7000	7000	6900	0	6800
TOTAL Production	205000	198200	204000	193000	0	188000
Imports, Fresh	4072	4239	4000	4152	0	4200
TOTAL SUPPLY	209072	202439	208000	197152	0	192200
Exports, Fresh	0	8	0	30	0	30
Domestic Fresh Market	205072	201431	204200	196122	0	191170
For Processing	4000	1000	3800	1000	0	1000
TOTAL UTILIZATION	209072	202439	208000	197152	0	192200

## Frozen Strawberry PS&amp;D Table

PSD TABLE						
Country	Japan					
Commodity	Strawberries, Frozen				(MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
Market Year Begin		10/2003		10/2004		10/2005
Deliv. To Processors	4000	750	3800	750	0	750
Beginning Stocks	0	0	0	0	0	0
Production	1000	700	950	700	0	700
Imports	28643	29180	28500	27460	0	28000
TOTAL SUPPLY	29643	29880	29450	28160	0	28700
Exports	0	0	0	0	0	0
Domestic Consumption	29643	29880	29450	28160	0	28700
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	29643	29880	29450	28160	0	28700

Fresh Strawberry Export Trade Matrix

EXPORT TRADE MATRIX			
Country	Japan		
Commodity	Strawberries, Fresh		
Time Period	Oct.-Sept.	Units:	Metric Tons
Exports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Taiwan	5	Hong Kong	20
Hong Kong	3	Taiwan	10
Total for Others	8		30
Others not Listed	0		0
Grand Total	8		30

Fresh Strawberry Import Trade Matrix

<b>IMPORT TRADE MATRIX</b>			
Country	Japan		
Commodity	Strawberries, Fresh		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2003		2004
U.S.	4067	U.S.	3975
Others		Others	
South Korea	156	South Korea	170
Australia	11	Australia	5
New Zealand	5	New Zealand	2
Total for Others	172		177
Others not Listed	0		0
Grand Total	4239		4152

## Frozen Strawberry Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Strawberries, Frozen		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2003		2004
U.S.	7513	U.S.	6242
Others		Others	
China	17390	China	17735
South Korea	1263	Chile	1310
Chile	1176	South Korea	764
Mexico	734	Thailand	388
Thailand	445	Poland	327
Poland	366	Mexico	229
Netherlands	97	Egypt	201
Morocco	69	Morocco	46
Egypt	50	Netherlands	11
Total for Others	21590		21011
Others not Listed	77		211
Grand Total	29180		27464

## Fresh Strawberry Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Strawberries, Fresh		
Prices in	Yen	per uom	KG
Year	2004	2005	% Change
Jan	1133	1184	5%
Feb	1192	1176	-1%
Mar	906	1140	26%
Apr	632	767	21%
May	744	698	-6%
Jun	783	837	7%
Jul	1597	1147	-28%
Aug	1966	1781	-9%
Sep	2542		-100%
Oct	2304		-100%
Nov	1670		-100%
Dec	1411		-100%
Exchange Rate	114.06	Local Currency/US \$	
Date of Quote	10/11/2005	MM/DD/YYYY	